

AMENDED IN ASSEMBLY MARCH 28, 2007

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1639**

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**Introduced by Assembly Member Duvall**

February 23, 2007

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An act to ~~repeal Section 736.5~~ amend Sections 1749.5, 1765, 1765.3, 14042, and 15031 of the Insurance Code, relating to ~~insurer examination fees~~ insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 1639, as amended, Duvall. ~~Insurers: examination fees.~~ Insurance: licensing.

*Existing law provides that a provider teaching any approved continuing education course at any approved seminar shall qualify for the same number of classroom hours as would be granted to a person taking and successfully completing that course, except that such person shall qualify for those classroom hours only once each license term.*

*This bill would provide that a provider may not use its own self-study course toward its continuing education requirement.*

*Existing law provides that an applicant for a surplus line broker's license shall provide a fee of \$295 for up to 2 natural named persons, and \$83 for each additional natural person named.*

*This bill would provide that the fee for the application shall be \$700. It would require every applicant for an organizational license to provide the names of all persons who may exercise the power and perform the duties under the license.*

*This bill would also provide that whenever a surplus line broker licensed as an organization desires to change the persons who are authorized to transact business under the license, it shall immediately*

*file an application with the commissioner reflecting the change. The bill would require all natural persons named to take and pass the qualifying examination, as specified, and that they be in all other respects subject to the laws applying to surplus line brokers.*

*Existing law provides that no independent or public insurance adjusters shall conduct a business under a fictitious or other business name unless and until he or she has obtained the written authorization of the commissioner to do so.*

*This bill would provide that independent or public insurance adjusters who conduct business under a fictitious name must comply with specified rules, and the commissioner may disapprove of the use of a fictitious business name on specified grounds.*

~~Existing law provides that the revenue raised from the examination of insurers and other persons, as specified, in the 1996–97 fiscal year shall not exceed the examination fee revenue estimate for the 1996–97 Governor’s Budget by more than \$2,000,000.~~

~~This bill would repeal those provisions.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1     *SECTION 1. Section 1749.5 of the Insurance Code is amended*
- 2     *to read:*
- 3     1749.5. (a) A person teaching any approved course of
- 4     instruction or lecturing at any approved seminar shall qualify for
- 5     the same number of classroom hours as would be granted to a
- 6     person taking and successfully completing that course, seminar,
- 7     or program, except that such person shall qualify for those
- 8     classroom hours only once each license term for each course,
- 9     seminar, or program.
- 10    (b) Excess classroom hours accumulated during any one-year
- 11    period may be carried forward to the next year.
- 12    (c) For good cause shown, the commissioner may grant an
- 13    extension of time during which the requirements imposed by this
- 14    article may be completed, but that extension of time shall not
- 15    exceed the period of one year.
- 16    (d) Every person subject to this article shall furnish, in a form
- 17    satisfactory to the commissioner, written certification as to the

1 courses, programs, or seminars of instruction taken and successfully  
2 completed by that person.

3 *(e) Any education provider whose self-study courses have been*  
4 *approved by the department shall not count its own self-study*  
5 *courses towards its continuing education requirement for a license*  
6 *issued under this chapter.*

7 *SEC. 2. Section 1765 of the Insurance Code is amended to*  
8 *read:*

9 1765. (a) A license under this chapter shall be applied for and  
10 renewed by the filing with the commissioner of a written  
11 application therefor, in accordance with the provisions of Section  
12 1652.

13 (b) Subject to subdivision (f) of this section, the commissioner  
14 shall issue a license authorizing any applicant who is trustworthy  
15 and competent to transact an insurance brokerage business in such  
16 manner as to safeguard the interest of the insured, to act as a surplus  
17 line broker from the date of the license until the expiration date  
18 specified in Section 1630.

19 (c) An applicant for a surplus line broker's license shall, as part  
20 of the application and a condition of the issuance of the license,  
21 file a bond to the people of the State of California in the sum of  
22 fifty thousand dollars (\$50,000), conditioned that the licensee will  
23 fully and faithfully comply with the requirements of this chapter,  
24 and all applicable provisions of this code. The bond shall be subject  
25 to the provisions of Sections 1662 and 1663. *A surplus line broker*  
26 *bond is not required for an individual licensed as a surplus line*  
27 *broker who only transacts on behalf of a licensed surplus line*  
28 *broker organization.*

29 (d) The filing fee for a license to act as a surplus line broker;  
30 ~~and naming up to two natural persons on the license, shall be two~~  
31 ~~hundred ninety-five dollars (\$295) seven hundred dollars (\$700)~~  
32 ~~per year, or for any initial fractional license year. If more than two~~  
33 ~~natural persons are named on the license, an additional fee of~~  
34 ~~eighty-three dollars (\$83) per year, or for any initial fractional~~  
35 ~~license year, shall be paid for each additional natural person named~~  
36 ~~on the license. Every applicant for an organizational license shall~~  
37 ~~provide the names of all persons who may exercise the power and~~  
38 ~~perform the duties under the license. Whenever an organization~~  
39 ~~licensed as a surplus line broker desires to change, remove, or~~  
40 ~~add to the natural person or persons who are to transact insurance~~

1 under authority of its license, it shall immediately file an  
2 application or notice with the commissioner for an endorsement  
3 changing its license accordingly, on a form prescribed by the  
4 commissioner. Notice for adding or removing from any surplus  
5 line broker's license issued to an organization the name of any  
6 natural person, named thereon, shall be twenty-four dollars (\$24).  
7 The commissioner shall require that the qualifying examination  
8 provided by subdivision (a) of Section 1676 be taken by any natural  
9 person named by the organization to exercise its agency or  
10 brokerage powers who would be required to take and pass the  
11 qualifying examination. That natural person or persons and the  
12 organization are in all other respects subject to the provisions of  
13 this chapter and the insurance laws.

14 (e) Such license shall be renewed in accordance with and subject  
15 to, the provisions of Sections 1717, 1718, 1719, and 1720.

16 (f) The commissioner may deny, suspend or revoke any license  
17 applied for or granted pursuant to this chapter on all or any one of  
18 the grounds and in accordance with the procedures provided in  
19 Article 6 (commencing with Section 1666) and Article 13  
20 (commencing with Section 1737) of Chapter 5, whenever the  
21 commissioner finds that the applicant or licensee has committed  
22 a violation of any provision of this code.

23 SEC. 3. Section 1765.3 of the Insurance Code is amended to  
24 read:

25 1765.3. Any natural person applying for a license to act as a  
26 surplus line broker ~~and any person who is to be named to exercise~~  
27 ~~powers of a surplus line broker~~ shall prove his competency by  
28 showing he *or she* holds ~~or is named on~~ an existing license to act  
29 as either a surplus line broker or an insurance broker or by passing  
30 the qualifying examination for an insurance broker's license.

31 SEC. 4. Section 14042 of the Insurance Code is amended to  
32 read:

33 14042. No licensee shall conduct a business under a fictitious  
34 or other business name unless and until he or she has obtained the  
35 written authorization of the commissioner so to do.

36 The commissioner shall not authorize the use of a fictitious or  
37 other business name which is so similar to that of a public officer  
38 or agency or of that used by another licensee that the public may  
39 be confused or misled thereby.

1 The authorization shall require, as a condition precedent to the  
2 use of any fictitious name, that the licensee comply with *Section*  
3 *1724.5 of this code and Chapter 5* (commencing with Section  
4 17900) of Part 3 of Division 7 of the Business and Professions  
5 Code.

6 A licensee desiring to conduct his or her business under more  
7 than one fictitious business name shall obtain the authorization of  
8 the commissioner in the manner prescribed in this section for the  
9 use of each such name.

10 The licensee shall pay a fee of ten dollars (\$10) for each  
11 authorization to use an additional fictitious business name and for  
12 each change in the use of a fictitious business name. If the original  
13 license is issued in a nonfictitious name and authorization is  
14 requested to have the license reissued in a fictitious business name,  
15 the licensee shall pay a fee of twelve dollars (\$12) for such  
16 authorization.

17 *SEC. 5. Section 15031 of the Insurance Code is amended to*  
18 *read:*

19 15031. No licensee shall conduct a business under a fictitious  
20 or other business name unless and until he or she has obtained the  
21 written authorization of the commissioner to do so.

22 The commissioner shall not authorize the use of a fictitious or  
23 other business name which is so similar to that of a public officer  
24 or agency of that used by another licensee that the public may be  
25 confused or mislead thereby.

26 The authorization shall require, as a condition precedent to the  
27 use of any fictitious name, that the licensee comply with *Section*  
28 *1724.5 of this code and Chapter 5* (commencing with Section  
29 17900) of Part 3 of Division 7 of the Business and Professions  
30 Code.

31 A licensee desiring to conduct his or her business under more  
32 than one fictitious name shall obtain the authorization of the  
33 commissioner in a manner prescribed in this section for the use of  
34 such name.

35 The licensee shall pay a fee of ten dollars (\$10) for each  
36 authorization to use an additional fictitious name and for each  
37 change in the use of a fictitious business name. If the original  
38 license is issued in a nonfictitious name and authorization is  
39 requested to have the license reissued in a fictitious business name,

1 the licensee shall pay a fee of ten dollars (\$10) for that  
2 authorization.

3 ~~SECTION 1. Section 736.5 of the Insurance Code is repealed.~~

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